

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 AID-05 AGR-05 SP-02 EB-07 NSC-05

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 2229

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(C O R R E C T E D C O P Y - DELETING REF LINE)

PASS AID AND AGRICULTURE

EO 11652: NA

TAGS: EAID ID

SUBJECT: CY 1976 PL-480, TITLE I PROGRAM

URGENCY TO MOVE FORWARD ON NEW CY 1976 PL-480, TITLE I

AGREEMENT PROMPTS FOLLOWING MISSION COMMENTS REGARDING

ISSUE COMMODITY PREFERENCES RAISED REFTEL:

1. SERIES OF MEETINGS BETWEEN BULOG AND AGATT THIS SUBJECT
HAS RESULTED IN GENERAL ARIFIN REQUESTING THAT
ENTIRE \$30 MILLION ANNOUNCED IGGI BE USED FOR
WHEAT PURCHASES. ARIFIN AWARE UMR WILL BE APPLIED
ANY NEW AGREEMENT FOR WHEAT. HE HOPEFUL GOI REQUEST
FOR 200,000 TONS WHEAT FINANCED UNDER CCC EXPORT
CREDIT SALES PROGRAM WILL BE APPROVED TO PERMIT THEIR
WORKING OFF SUCH REQUIREMENT. UMR DIFFICULTIES ASSOCIATED
WITH LAST YEAR'S AGREEMENT AND FACT GOI UNWILLING TO
RESTRICT FREE COTTON IMPORTS AS A MEANS TO FORCE UMR
COMPLETION MAKES COTTON LESS DESIRABLE. PRESSURE PLACED
ON BULOG TO PURCHASE NEEDED RICE IMPORTS FROM OTHER
ASIAN COUNTRIES MAKES RICE EVEN LESS DESIRABLE. ARIFIN
REALIZING U.S. IN SURPLUS POSITION RICE WITH 800,000 TONS
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OF RICE PROGRAMMED UNDER PL-480, TITLE I PROGRAM INDICATED

GOI COULD USE MAXIMIM 100,000 TONS U.S. RICE IF ADDITIONAL PL-480 FUNDS WERE MADE AVAILABLE AND NO REPEAT NO UMR APPLIED SINCE HE FEELS HE WANTS TO BE FREE TO PURCHASE COMMERCIALLY FROM ANY SOURCE INCLUDING PRC, ETC. BULOG CURRENTLY NEGOTIATING COMMERCIAL PURCHASE APPROX. 500,000 TONS RICE WHICH INCLUDES 200,000 FROM THAILAND, 200,000 NORTH KOREA AND BALANCE UNSPECIFIED. THIS BEING DONE BECAUSE OF CONCERN THAT THE 1976 RICE HARVEST MAY NOT BE AS GOOD AS PLANNED DUE PRIMARILY TO SPREADING PLANT PEST PROBLEM. ADDITIONAL IMPORTS MAY FOLLOW BASED ON LAMDR ASSESSMENT THIS PROBLEM

2. WHEAT, RICE AND COTTON CONTINUE PRESENT VARIOUS PROBLEMS FOR PL-480 AGREEMENT. HOWEVER, MISSION NOW FELLS WHEAT INVOLVES THE LEAST DIFFICULTIES OF THE THREE. URGE, THEREFORE, EARLIEST CONSIDERATION NEW AGREEMENT FOR WHEAT ONLY TO SUPPORT LARGE IMPORT REQUIREMENT AND MAXIMIZE MARKET DEVELOPMENT EFFORTS THIS COMMODITY IN INDONESIA. CCC EXPORT CREDIT SALES PROGRAM MAY OFFER BEST OPPORTUNITY TO MOVE U.S. RICE INTO INDONESIA MARKET WITHOUT CREATING ADDITIONAL PROBLEMS WITH THAILAND AND OTHER RICE SUPPLY COUNTRIES.

RIVES

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